

Fact Sheet Policy Options for LaGuardia Airport (LGA)

Problem

- LGA has steady and heavy flow of aircraft arrivals and departures over the entire day. Demand can, and often does, outpace available airport capacity.
- Insufficient capacity at LGA is not just a problem for LGA. It can generate system-wide impacts in a very short period of time:
 - Aircraft bound for other airports have to be diverted from their routing to avoid LGA holding patterns
 - Aircraft held on the ground at other airports reduce the capacity for other aircraft to land at those airports and disrupt the airport's operation of airline hubs.

Background

- LGA is a High Density Rule (HDR) airport, in which the number of hourly arrivals and departures are limited. In April 2000, AIR-21 exempted certain flights (new entrants and service to small-hub and non-hub airports) from hourly limits and, by September 2000, 200 additional scheduled flights per day had been added. During this time, delays at LGA increased by 238% and accounted for 25 percent of the nation's total delay.
- In December 2000, FAA limited the number of AIR-21 slot exemptions to 159 per day and reallocated these exemptions via lottery. The total number of scheduled arrivals and departures was limited to 75 per hour, effective January 31, 2001. By Spring 2001, delays decreased dramatically. This operational limit expires on September 15, 2001.

Ameliorating the Problem

- Short-Term. Because it will take time to identify and implement a longer-term solution to balance the demand for access with LGA capacity, FAA proposes to extend the existing allocation of AIR-21 slot exemptions and would hold a new lottery to allocate limited available capacity. The FAA will continue to explore more permanent options to manage the imbalance between airport capacity and demand. The limit on AIR-21 slot exemptions is proposed to remain in effect until October 26, 2002.
- Long-Term. FAA would implement a demand management approach to allocate limited runway capacity among aircraft operators. Options currently under consideration are broadly classified as either market-based or administrative. Specific market-based options have been identified by the Port Authority of New York and New Jersey (PANYNJ). For instance:
 - Market-Based Options
 - Congestion-Based Landing Fee. Allocate slots based on an aircraft operator's willingness to pay for them. The market would control the

number of operations per hour. This encourages the use of larger aircraft at LGA and, consequently, reduces airport congestion and delay. Specifically, PANYNJ would impose a fee from \$300-\$2000 per operation on all aircraft except for 80 exempted operations to small communities. Fees would be adjusted to ensure a balance between capacity and demand.

- Auctioning of Landing and Take-off Rights. Auction off a fixed percentage of HDR slots and AIR-21 slot exemptions each year until all HDR slots and AIR-21 slot exemptions were replaced by auctioned off landing and take-off rights. Each right would be valid for a specified number of years.

Specifically, HDR slots and AIR-21 slot exemptions would be replaced over time by a system of reservations. Each carrier would receive a baseline allocation of up to 20 reservations per day, 80 reservations would be set aside for carriers serving small communities, 70% of the remaining reservations would be allocated to existing carriers based on their enplanement market share, the remaining 30% would be auctioned off. Estimated auction prices range between \$20,000-\$30,000 per month.

- Administrative Options

There are three general administrative options under consideration. The first option would encourage the use of larger aircraft at LGA through a scheduling process. Three variations of this approach are presented. The second option would replace the HDR with a new slot allocation rule that would streamline the current slot allocation process. It would rationalize the pools of slots set aside for small community service by consolidating existing HDR commuter slots and air carrier slots used to serve small communities and AIR-21 small community service into a single category. The third option would repeal the current HDR and establish a new rule that would provide each carrier with a base of slots that is primarily based on a slightly lower percentage of the carrier's existing slot base. There would be a limited withdrawal of slots to be reallocated by creating 3 pools to be lotteried: (1) to new entrants, (2) to small community service, and (3) for general distribution to all incumbent carriers.

Goals of Long Term Solutions

- Allocate limited capacity among air carriers. Market-based solutions would do this by making demand available to an aircraft operator based on its "willingness-to-pay." Administrative options would do this by maintaining an operational limit and the use of larger aircraft, changing High Density Rule requirements, and promoting regional access.
- Minimize disruption. Both market-based and administrative solutions would be implemented within a specified timeframe. Thus, aircraft operators can rationally plan

their operations at LGA under the new constraints. This would be done while delay is kept at a reasonable level.

- Permit gradual change in air carrier behavior. Both market-based and administrative options could create a more stable competitive environment under which air carriers can rationalize their schedules and adjust their fleets at LGA to the use of larger aircraft size, if passenger demand suggests it.

Next Steps

- FAA has invited and will consider comments on:
 - Structure and effectiveness of demand management options,
 - Environmental, energy, federalism, and economic impacts of each option
 - Legal constraints and incentives of the various proposals.
- FAA will develop and issue a final policy for LGA after considering all comments.